



SANDRA SHEWRY
Director

State of California—Health and Human Services Agency
Department of Health Services



ARNOLD
SCHWARZENEGGER
Governor

February 16, 2007

TO: FAMILY PACT (PLANNING, ACCESS, CARE, AND
TREATMENT) PROVIDERS

SUBJECT: FAMILY PACT PROGRAM LETTER 07-01
CLINIC-DISPENSED DRUGS AND SUPPLIES UPDATE

The Maternal, Child, and Adolescent Health/Office of Family Planning (MCAH/OFP) Branch is sending this Program Letter to advise Family PACT providers of changes to policy regarding onsite dispensing of drugs and contraceptive supplies. These changes, published in the February 2007 *Medi-Cal Update* bulletin, clarify and update quantity, frequency and billing limits for all drugs and contraceptive supplies. No changes are made to the pharmacy claims system.

Family PACT Policy Update

Historically, Family PACT providers have been instructed to bill “at cost” for drugs dispensed onsite. Welfare and Institutions Code, Section 14132.01, as amended by Assembly Bill 77, Chapter 503, of the Statutes of 2005, establishes the authority for a Clinic Dispensing Fee (CDF) for take-home drugs dispensed onsite by community clinics and free clinics.¹

The following Family PACT policy update applies to five Health Care Procedure Coding System (HCPCS) Level III codes for all Family PACT providers effective for dates of service on or after February 16, 2007.

- X7706 (oral contraceptives)
- X7716 (Azithromycin 250mg tablets)
- X7722 (Levonorgestrel emergency contraception)
- X7728 (contraceptive patch)
- X7730 (contraceptive vaginal ring)

¹ Federally Qualified Health Centers and Rural Health Clinics that choose to be reimbursed for goods on a fee-for-service basis may also be reimbursed for a CDF.

For these five codes, the CDF is defined as the difference between the drug acquisition cost and the rate listed in the Medi-Cal Basic Rate table. The amount listed in the Medi-Cal Basic Rate table shall represent the Family PACT Fixed Claim Rate, which includes the CDF. This Fixed Claim Rate is multiplied by the number of units dispensed and the total is entered in the appropriate box on the claim form. Rates are available on the Medi-Cal Web site at www.medi-cal.ca.gov.

There is no CDF for antibiotic or contraceptive injections, intrauterine contraceptives, or contraceptive implants. Policies regarding claims submission for these items remain unchanged and can be found in the Medi-Cal manual.

Providers who choose not to claim a dispensing fee shall claim only the acquisition cost of the drug. Reimbursement shall be the lesser of the amount billed or amount listed on the Medi-Cal Basic Rate table.

The following Family PACT policy update applies to HCPCS Level III Code X1500 (contraceptive supplies) for all Family PACT providers. Changes for X1500 claims are effective for dates of service on or after May 1, 2007.

Contraceptive supplies dispensed onsite include male or female condoms, spermicides, lubricants, diaphragms, cervical caps, and basal temperature thermometers. These supplies may be dispensed alone or in combination and are subject to a maximum Medi-Cal Basic Rate.

Policy Update:

MCAH/OFP has developed a Family PACT Fixed Rate and unit definition for each item contained in the X1500 code for Family PACT. The formula used to develop Family PACT Fixed Rates is based on either the Maximum Allowable Product Cost or an average of the combined Average Wholesale Price (AWP), minus 17 percent for all covered National Drug Code numbers in that supply category. The methodology used to determine Family PACT Fixed Rates is available upon written request to MCAH/OFP.

The CDF for contraceptive supplies claimed under X1500 is defined as follows:

- Level C: Contraceptive Supplies - Ten percent of contraceptive supply claim (rounded to the nearest cent).

The reimbursement for all supplies plus CDF cannot exceed the Medi-Cal Basic Rate for the X1500 code. The initial Family PACT Fixed Rate and units table for HCPCS Level III code X1500 is provided with this letter in the Family PACT Price Guide (see enclosure). Updates to the Family PACT Price Guide will be provided semi-annually on a schedule to be determined by MCAH/OFP.

Providers billing for code X1500 must enter required information into the appropriate *Remarks* or *Reserved for Local Use* area of the claim form:

- Quantity of condoms, film, suppositories, contraceptive sponges, diaphragms, cervical caps, or grams of spermicide/lubricant dispensed
- Multiplication of the quantity of each product by the Fixed Rate for each product
- Addition of a CDF equal to ten percent of the sum for individual products

The total is entered in the *Total Charges* field of the claim form and the *Service Units* is entered as "1." The following are two examples of a claim for clinic dispensed contraceptive supplies.

Remarks area (Box 84) of the UB-92 Claim Form Reserved for Local Use field (Box 19) of the HCFA 1500 claim form				Box 47/ Box 24F	Box 46/ Box 24G
Supply Name	Unit	Number of units dispensed multiplied by Fixed Claim Rate (subtotal)	Plus 10% CDF	Claim total	"Units" on claim
Male condoms	1 condom	35 condoms X \$0.28/condom = \$9.80	\$ 0.98	\$ 10.78	1
Spermicidal foam	1.4 oz can	1 can (40 grams) X \$0.21/gram = \$8.40	0.84	\$ 9.24	1

The following Family PACT policy update applies to HCPCS III code Z7610 (miscellaneous drugs for non-surgical procedures). This code can only be claimed by community clinics, hospital outpatient departments, emergency rooms, and surgical clinics. These changes are effective May 1, 2007.

Code Z7610 (miscellaneous drugs) includes estradiol, most oral antibiotics, anti-virals, and anti-fungals contained in the Family PACT formulary. Drugs claimed under Z7610 have no individual Medi-Cal rates listed in the Basic Rate table. There have been no quantity, frequency limits, or defined CDFs for these drugs when dispensed onsite.

MCAH/OFP has developed a Family PACT Fixed Rate and quantity limit for each covered medication reimbursed using the Z7610 code.

The formula used to develop Family PACT Fixed Rates relies on either federally mandated upper payment limits for multi-source drugs, or the AWP minus an average of confidential federal and state rebates. The methodology used to determine Family PACT Fixed Rates is available upon written request. Quantity limits for each drug are based on regimens previously published in the Family PACT Provisional Secondary Core Services Drug and Supplies list (*Medi-Cal Update* bulletin of June 2006). Family PACT Fixed Rates and quantity limits are contained in the Family PACT Price Guide.

CDFs for Z7610 apply once per drug per claim. CDFs for medications billed under code Z7610 are defined as follows:

- Level A: pharmacist pre-packaged containers of tablets or capsules (flat rate); \$3.00 per drug
- Level B: manufacturer pre-packaged tubes or other containers (flat rate); \$2.00 per drug

Every Z7610 claim must have an acceptable secondary diagnosis code entered on the claim form for reimbursement. Only one secondary diagnosis code can be processed per claim form. If two or more drugs are dispensed with *different* secondary diagnoses, a separate claim form must be submitted for each secondary diagnosis and its corresponding drug(s).

When the *same* secondary diagnosis code applies to more than one drug, each regimen may be listed in the *Remarks* box. The sum of charges for all drugs dispensed is entered in *Total Charges* on the UB-92 form. If a combination of drug regimens is claimed under a single secondary diagnosis code, it should be entered as "1" in *Service Units* (see example below).

Clinic Dispensed Drug Claim Examples (Z7610):

Box 84 (form UB-92)				Box 47	Box 46
Drug Name	Dosage size	No. units dispensed times Fixed Claim Rate (subtotal)	Plus CDF	"Total Charges"	"Service Units"
Acyclovir	200 mg tablets	50 tablets @ \$0.15/ tablet = \$7.50	\$ 3.00	\$10.50	1
Butoconazole	2% SR cream/tube	1 tube @ \$29.33/tube = \$29.33	\$ 2.00	\$31.33	1
Doxycycline	100mg tablets	28 tablets @ \$0.14 = \$3.92	\$ 3.00	\$11.34	1
Probenecid	500mg tablets	2 tablets @ \$0.71= \$1.42	\$ 3.00		

MCAH/OFPP is offering several one-hour audio-teleconferences to present and discuss these program updates. The schedule and instructions for accessing training materials are available on the Family PACT Web site at: www.familypact.org.

If you have questions or comments, you may contact Dr. John Mikanda, Acting Chief, Clinical Services Section, at the Office of Family Planning at (916) 650-0414. Thank you for your participation in the Family PACT Program.

Sincerely,



Laurie Weaver, Chief
Office of Family Planning

Enclosure

Family PACT Price Guide

Medication	Dosage Size/ Billing Unit	Max. Billing Units per Claim	FPACT Rate per Unit	Max. Drug Cost	Clinic Disp. Fee	Upper Payment Limit	Fill Freq. (days)
Acyclovir	200MG caps	50	\$0.15	\$7.50	\$3.00	\$10.50	30
Acyclovir	400MG tabs	30	\$0.23	\$6.90	\$3.00	\$9.90	30
Acyclovir	400MG tabs	60	\$0.23	\$13.80	\$3.00	\$16.80	30
Acyclovir	800MG tabs	10	\$0.47	\$4.70	\$3.00	\$7.70	30
Azithromycin	1G packet	1	\$17.18	\$17.18	\$2.00	\$19.18	7
Azithromycin	1G packet	2	\$17.18	\$34.36	\$2.00	\$36.36	7
Azithromycin	500MG tabs	4	\$10.64	\$42.56	\$3.00	\$45.56	7
Azithromycin	500MG tabs	2	\$10.64	\$21.28	\$3.00	\$24.28	7
Butoconazole	2% tube	1	\$29.33	\$29.33	\$2.00	\$31.33	30
Cefpodoxime	200MG tabs	2	\$3.83	\$7.66	\$3.00	\$10.66	7
Cephalexin	250MG caps	40	\$0.18	\$7.20	\$3.00	\$10.20	7
Cephalexin	500MG caps	20	\$0.36	\$7.20	\$3.00	\$10.20	7
Ciprofloxacin	250MG tabs	2	\$0.38	\$0.76	\$3.00	\$3.76	7
Ciprofloxacin	250MG tabs	6	\$0.38	\$2.28	\$3.00	\$5.28	7
Ciprofloxacin	500MG tabs	6	\$0.45	\$2.70	\$3.00	\$5.70	7
Ciprofloxacin	500MG tabs	1	\$0.45	\$0.45	\$3.00	\$3.45	7
Ciprofloxacin XR	500MG tabs	3	\$5.82	\$17.46	\$3.00	\$20.46	7
Clindamycin	150MG caps	28	\$0.92	\$25.76	\$3.00	\$28.76	30
Clindamycin	100MG ovules/3pk	1	\$29.70	\$29.70	\$2.00	\$31.70	30
Clindamycin	2% tube	1	\$35.86	\$35.86	\$2.00	\$37.86	30
Clindamycin SR	2% tube	1	\$52.50	\$52.50	\$2.00	\$54.50	30
Clotrimazole	1% tube	1	\$6.82	\$6.82	\$2.00	\$8.82	30
Clotrimazole	2% tube	1	\$7.16	\$7.16	\$2.00	\$9.16	30
Clotrimazole	100MG pack	1	\$6.21	\$6.21	\$2.00	\$8.21	30
Clotrimazole	200MG pack	1	\$7.57	\$7.57	\$2.00	\$9.57	30
Doxycycline	100MG caps/tabs	28	\$0.14	\$3.92	\$3.00	\$6.92	30
Doxycycline	100MG caps/tabs	56	\$0.14	\$7.84	\$3.00	\$10.84	30
Doxycycline	100MG caps/tabs	14	\$0.14	\$1.96	\$3.00	\$4.96	7
Estradiol	0.5MG tabs	30	\$0.18	\$5.40	\$3.00	\$8.40	30
Estradiol	1MG tabs	30	\$0.22	\$6.60	\$3.00	\$9.60	30
Estradiol	2MG tabs	30	\$0.31	\$9.30	\$3.00	\$12.30	30
Fluconazole	150MG tab	1	\$9.65	\$9.65	\$2.00	\$11.65	30
Imiquimod	5% pack	1	\$124.73	\$124.73	\$2.00	\$126.73	30
Metronidazole Gel	0.75% tube	1	\$35.04	\$35.04	\$2.00	\$37.04	30
Metronidazole	250MG tabs	56	\$0.08	\$4.48	\$3.00	\$7.48	30
Metronidazole	250MG tabs	28	\$0.08	\$2.24	\$3.00	\$5.24	7
Metronidazole	500MG tabs	4	\$0.22	\$0.88	\$3.00	\$3.88	7
Metronidazole	500MG tabs	28	\$0.22	\$6.16	\$3.00	\$9.16	30
Metronidazole	500MG tabs	14	\$0.22	\$3.08	\$3.00	\$6.08	7

Family PACT Price Guide

Medication	Dosage Size/ Billing Unit	Max. Billing Units per Claim	FPACT Rate per Unit	Max. Drug Cost	Clinic Disp. Fee	Upper Payment Limit	Fill Freq. (days)
Miconazole	100MG pack	1	\$6.75	\$6.75	\$2.00	\$8.75	30
Miconazole	200MG pack	1	\$13.77	\$13.77	\$2.00	\$15.77	30
Miconazole	2% tube	1	\$7.17	\$7.17	\$2.00	\$9.17	30
Miconazole	4% tube	1	\$7.30	\$7.30	\$2.00	\$9.30	30
Miconazole	200MG-2% pack	1	\$8.94	\$8.94	\$2.00	\$10.94	30
Nitrofurantoin SR	100MG caps	20	\$1.51	\$30.20	\$3.00	\$33.20	30
Nitrofurantoin	100MG caps	40	\$1.28	\$51.20	\$3.00	\$54.20	30
<i>Ofloxacin* (PID only)</i>	<i>200MG tabs</i>	<i>56</i>	<i>\$2.17</i>	<i>\$121.52</i>	<i>\$3.00</i>	<i>\$124.52</i>	<i>30</i>
<i>Ofloxacin* (PID only)</i>	<i>400MG tabs</i>	<i>28</i>	<i>\$4.35</i>	<i>\$121.80</i>	<i>\$3.00</i>	<i>\$124.80</i>	<i>30</i>
Podofilox	0.50% pack	1	\$76.88	\$76.88	\$2.00	\$78.88	30
Probenecid	500MG tabs	2	\$0.71	\$1.42	\$3.00	\$4.42	30
SMX/TMP	400-80MG tabs	28	\$0.12	\$3.36	\$3.00	\$6.36	7
SMX/TMP	800-160MG tabs	14	\$0.15	\$2.10	\$3.00	\$5.10	7
Terconazole	0.40% tube	1	\$43.43	\$43.43	\$2.00	\$45.43	30
Terconazole	0.80% tube	1	\$39.74	\$39.74	\$2.00	\$41.74	30
Terconazole	80MG pack	1	\$34.05	\$34.05	\$3.00	\$37.05	30
Tinidazole	250MG tabs	8	\$1.38	\$11.04	\$3.00	\$14.04	7
Tinidazole	500MG tabs	4	\$2.76	\$11.04	\$3.00	\$14.04	7

*Ofloxacin - Must include secondary diagnosis codes 614.0, 614.2, or 615.0 in Box 68

Contraceptive Supplies X1500	Unit	Reimbursement Per Unit
Male Condoms	each	\$0.28
Female Condoms	each	\$2.76
Spermicidal Suppositories	each	\$0.53
Spermicidal Film	each	\$0.69
Spermicidal Gel/Jelly/Cream/Foam	gram	\$0.21
Lubricant (non-spermicidal)	gram	\$0.03
Nonoxynol 9 Contraceptive Sponge	each	\$2.35
Basal Body Thermometer	each	\$5.53